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news from Korn/Ferry International

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EXECUTIVE HIRING UP 5% FOR 1989; CEOs, GENERAL MANAGERS HEAVILY RECRUITED

--Tougher Business Climate Will Boost Hiring 5-7% in 1990--

NEW YORK, January 4, 1990 -- American companies are hiring more top-level general managers and replacing more chief executive officers in a quest for profitability and effective leadership in the 1990s, according to the 72nd National Index of Executive Vacancies, a quarterly report released today by Korn/Ferry International.

According to the Index and continuing a pronounced trend from last quarter, demand for CEOs rose from 11 percent in 1988's fourth quarter to 15 percent in 1989's fourth quarter. Hiring of general managers increased from 42 percent to 45 percent during the same periods.

Overall senior executive hiring increased eight percent in 1989's fourth quarter and grew five percent for the year, the Index revealed.

"Whether expanding, downsizing or reorganizing, U.S. companies are going to require inspired leaders who can gain competitive advantage and maintain profitability," said Richard M. Ferry, president and co-founder of Korn/Ferry International. "While it is everyone's desire to find these leaders within

existing management ranks, increasingly companies are going outside for new talent," he added.

Executive hiring in 1990 will continue strong and should increase five to seven percent, Korn/Ferry predicts.

"Replacement management will be the watchword for 1990," said Lester B. Korn, chairman. "As business conditions get tougher, there will be intense pressure on senior managers to perform. Companies will have little tolerance for mediocrity and executive shifts will be made much faster than in the past."

American Marketing Execs Being Wooed by Multinationals

Marketing executives also were in great demand in 1989, accounting for 15 percent of total hiring.

"There is a phenomenal demand for marketing people who have the background and the experience to operate in the global arena -- to go in and open up new markets overseas," said Ferry. "And, these people are in extremely short supply."

The demand side of the international marketing picture is being further driven by foreign-based companies opening up or expanding operations in the U.S. "Competition is heating up for qualified American nationals," said Ferry. "Marketing executives are being wooed -- and wooed successfully -- from positions at domestic firms by offers from large, well-financed multinationals."

Most of the other major staff posts at major corporations appear to be satisfactorily filled, for the near term at least. The Index reported that hiring in finance and control as well as

information systems was off. Human resources and administrative hiring was flat.

Regional Picture

The East Coast saw its share of executive demand escalate from 33 percent last year to a record 40 percent in this year's fourth quarter. "Heightened activity in manufacturing, chemical and related industries, consumer products, retailing and communications contributed to incredibly strong executive hiring in the East," Ferry reported.

By contrast, the West Coast fell from 37 percent in 1988's fourth quarter to 23 percent in this year's similar period. "This drop is not unexpected," said Ferry. "Anticipated defense and high technology cutbacks have made companies turn cautious and adopt a 'wait and see' attitude. Slowdowns in leisure/entertainment and healthcare, two other cornerstones of the West, also contributed to the downturn."

The Midwest raised its share of executive demand from 13 percent to 17 percent. Smaller manufacturers and consumer products companies, many preparing to expand internationally, have been aggressively hiring experienced managers, Ferry noted.

According to the Index, the Southeast increased its share of national hiring from 11 percent to 13 percent and the Southwest from six percent to seven percent.

Industry Changes

Hiring in the financial services industry fell to its lowest point in the last decade, from 21 percent in last year's fourth quarter to only 14 percent this year. However, average

year-end figures indicate a rough parity with last year's levels (18 percent in 1989 versus 19 percent in 1988).

"Financial services hiring has been slowing for at least two years, limited almost entirely during that time to replacement hiring," Ferry said. "This quarter, amid ever-increasing reports of layoffs, we saw an even more substantial weakness."

Ferry also pointed out that financial services companies are seeking chairmen, presidents and very senior executives. "These organizations are looking for leaders to come in and restructure and redirect the business," he added.

Significant gains in executive hiring were seen in the transportation, utilities, communications category which climbed from three percent in 1988's fourth quarter to nine percent this year and doubled during the full year from four percent to eight percent. Other gains came in chemical and related products, machinery and manufactured products, and consumer products.

Declines were recorded by technology companies, including defense and computers, and by hospitality, leisure and entertainment concerns.

750 Companies Surveyed

The National Index of Executive Vacancies is based on a quarterly survey of 750 Korn/Ferry International clients who are among the nation's largest corporations and non-profit organizations, including government agencies, universities and cultural institutions. The Index records the hiring of senior executives earning $100,000 or more annually.

Korn/Ferry International

Korn/Ferry International specializes in management searches at the senior level. The firm maintains 41 offices in key business centers throughout North America, Latin America, Europe, Asia/Pacific and Australia.

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NATIONAL INDEX OF EXECUTIVE VACANCIES--INDUSTRY*

	4th Qtr % 1989	1988	Year End % 1989	1988
Agriculture/Natural Resources/Energy	3	1	2	2
Chemical and Related Products	14	5	8	5
Technology (Electronics, Computers, Software, Defense, Telecommunications)	8	14	11	13
Machinery, Manufactured Products	9	6	10	10
Consumer Products (not elsewhere classified)	6	3	6	6
Transportation, Utilities, Communications	9	3	8	4
Wholesale and Retail Distribution	7	5	7	5
Financial Services (Banking, Brokerage Insurance)	14	21	18	19
Real Estate, Building, Construction	5	5	6	6
Health Care	6	8	7	9
Not-for-Profit, Government, Associations, Education	9	15	8	11
Hospitality/Leisure, Entertainment	4	8	4	5
Miscellaneous Professional Services	5	6	4	5
Other	1		1	
Total	100%	100%	100%	100%

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NATIONAL INDEX OF EXECUTIVE VACANCIES--FUNCTIONS*

	4th Qtr % 1989	1988	Year End % 1989	1988
Board Level	1	1	1	1
Chief Executive Officer	15	11	14	12
General Management	45	42	39	39
Finance and Control	9	14	11	13
Human Resources and Administration	5	5	7	7
Information Systems	1	5	2	3
Manufacturing, Engineering, R & D, Technology	9	7	10	9
Marketing and Sales/Advertising and PR	15	15	16	15
Other				1
Total	100%	100%	100%	100%

NATIONAL INDEX OF EXECUTIVE VACANCIES--REGION*

	4th Qtr % 1989	1988	Year End % 1989	1988
East	40	33	34	29
West	23	37	29	36
Midwest	17	13	17	16
Southeast	13	11	10	11
Southwest	7	6	10	8
Total	100%	100%	100%	100%

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